

February 12, 2003

Via First-Class Mail and E-Mail

Michael J. Ryan
U.S. Bureau of Reclamation
Shasta Area Manager
16349 Shasta Dam Boulevard
Shasta Lake, CA 96019-8400

Re: Revised Article 9 Water Quality Language – General Settlement Contract
Negotiations – February 18, 2003

Dear Mr. Ryan:

As an additional counter-proposal to the Bureau of Reclamation's USBR Exhibit 11, I propose the following:

1. Acceptance of Reclamation's proposed language with the deletion of the clause calling for termination in the event that the parties are unable to agree upon an adjustment of the Settlement Contract after a future State Water Resources Control Board Bay-Delta decision.
2. Acceptance, with some re-wording, of the "base-line" provisions in Reclamation's draft.
3. Addition of a provision which addresses the Base Supply rescheduling charge.

I have enclosed, for your review, a re-draft of what would be a new Article 9(c) that reflects this counter-proposal as well as a draft of what would be the full Article 9.

This proposal is made on behalf of GCID with the concurrence of Kevin O'Brien. In light of our desire to reach final resolution on this matter by the end of the February 18, 2003 negotiating session, I have forwarded the proposal to you prior to my having had an opportunity to discuss this proposal fully with other Settlement Contractors. I will, however, do so prior to the February 18, 2003 negotiating session.

Michael J. Ryan
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Please do not hesitate to contact me if you have any questions or need additional information.

Very truly yours,

Stuart L. Somach
Attorney

SLS:sb

Encl.

cc: O.L. "Van" Tenney
Kevin M. O'Brien
J. Mark Atlas
Paul Bartkiewicz
William H. Baber, III
John Kenny
William F. Menke
Dennis Michum
David J. Guy
Marc E. Van Camp
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